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**THE RELATIONSHIP BETWEEN HISTORY, CULTURE, AND CHINESE BUSINESS  
PRACTICES: USING SOCIOLOGICAL AWARENESS TO AVOID COMMON FAUX PAS**

by

**Vikki A. Ballard**

**Thesis submitted in partial fulfillment  
of the requirements for the degree**

of

**DEPARTMENTAL HONORS**

in

**International Business  
in the Huntsman School of Business**

**Approved:**

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Logan, UT**

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## **Abstract**

As the world continues to become more global, and as economies continue to develop, more emphasis is being placed on understanding the business environment of cultures around the world. There is perhaps no other nation or culture globally that has been discussed as much as China. This is because the United States is one of the largest foreign investors in China (Li, 2008). The importance of the Chinese market to the U.S. lies in its wealth of people and resources and the millions of new consumers joining the market every day. As a nation of 1.3 billion citizens, with a cultural heritage spanning 5,000 years, China is unique and is quickly becoming the global hub for economic activity. Because of this growth in economic activities, and the disparity between western and eastern cultures, the literature on Chinese business practices, cultural taboos, and how-to guides on doing business in China are extensive. The literature also contains examples of how American executives and other Western expatriates are violating Chinese cultural norms. These examples speak to everyday interactions and misunderstandings that cause firms attempting to do business in China to make cultural faux pas, or mistakes, that limit the success of business. One of the reasons for cultural faux pas is a lack of understanding of the cultural background upon which business rules of engagement are based. In order to give western business people a clearer understanding of this culture background, we identify the common mistakes made when doing business in China. We then examine these mistakes, categorize them according to the Chinese cultural norms they violate, and explain the deeper cultural context using history, tradition, and Confucian values. The literature supports our belief that by gaining a better understanding of the deeper values behind the behavior, western (particularly American) expatriates working in China will have a better context from which to engage with their Chinese counterparts.

### **Author's Biography**

Vikki Carlisle Ballard was born in Logan, UT. She graduated from Logan High School in 2006 and has continued her education at Utah State University. She is studying International Business and with a minor in Marketing. She will graduate May 2010 with a BA degree. She will then gain industry experience before entering graduate school.

## **Motivation**

Global business has been increasing for years. The U.S. and other western cultures have dominated the international business market historically, however, during the last decade a global shift has begun to take place. The Gallup Poll in February 2009 found that even the attitudes of Americans are changing. The U.S. is no longer perceived as the global economic powerhouse it once was. Only 33% of those surveyed indicated that they felt the U.S. was the leading economic power in the world compared with 65% in 2000. Not surprising, the leader on the polls today with record growth is China, receiving 44% of the vote.

This shift indicates an important issue. Not only are more Americans being sent on global business assignments, more of them will be heading to China. In 2008 the United States had a total of \$2.1 trillion invested in China since the economic reforms of 1978 (Yuann & Inch, 2008). Executives must have cultural skills in addition to business-related skills. These cultural skills are vital in communicating effectively cross-culturally as “cultural misunderstandings can lead to missed business opportunities” (Chen 2001, pg. 14). When operating in a global environment “even with the best intentions, what works in the West can result in failure” (Mia Doucet as quoted in Reitz, 2005). Examples of these failures are abundant in the literature (Zhang, 2006; Reitz, 2005; Doucet, 2007; Bizziouras and Crawford, 1997).

These failures are often based on cultural misunderstandings that occur because western-minded business executives often interpret Chinese business situations from their western views. For example, because of the highly publicized scandals related to the use of *guanxi* (strong social networking) many western business people misjudge *guanxi* as a form of corrupt business. This view not only disadvantages westerners who could benefit from this very strong cultural norm of social networking, it is also offensive to the Chinese who value *guanxi* as an effective business tool, and more particularly as a means for developing relationships of trust.

In examining the many cultural mistakes or faux pas made when westerners, particularly American westerners, do business in China, we note that the literature overwhelmingly supports cross-cultural training for global managers and potential expatriates (Li, 2008; USA Today, 2007; Chen, 2001; Hutchings, 2003). Yet in practice there is a lack of this training (Dewald and Self, 2008). Most of the literature that is available on cultural awareness focuses in on these faux pas, things like dining mistakes, communication mistakes, missing customary etiquette and other issues of behavior within a cultural context (Chen, 2001). Yet still there is overwhelming proof that Americans doing business abroad make cultural mistakes (Doucet, 2007, Zhang, 2006).

This problem may persist because of a lack of understanding the importance and cultural context behind these social norms. There is a lack of literature on understanding Chinese business through the cultural and historical foundation of Chinese thought (Chen, 2001). Literature that does discuss this does so without making clear connections between Chinese culture and the most common faux pas that Americans are told to avoid.

Cross-cultural training is a valuable investment in doing business in any foreign nation yet often time restrictions and other factors hinder this cultural training (Alder, 2008). Still, the current system of providing managers with simple how-to manuals seems to lack substance in alleviating all cultural problems, although they do help one navigate a foreign culture. To expand the depth of cultural awareness when doing business in China, we hypothesize that a basic understanding of the historical and cultural context of common faux pas made in China would be helpful for Americans doing business in China. We therefore seek to examine mistakes made when doing business in China and explain these in a cultural and historical context.

In order to identify common mistakes made when doing business in China, we reviewed the literature on avoiding mistakes in China. Our review came up with 44 different mistakes that are made when doing business abroad. These mistakes were combined into seven groupings. These groups were

derived mainly from Dr. Sun Yat-Sen's three principles of the people which have been sub-grouped by Dr. Chang Chi-yun into several groupings. We use four of these groupings in addition to the view of time, which has been discussed in many cross-cultural studies (Alder, 2008, Hofstede, 2001, House et al, 2004). These principles cover the common faux pas found in the literature and provide room for discussion of their cultural importance. These mistakes are summarized in the table below.

Loyalty and Reciprocity	Local self-government/ National unification	Government by virtue	The dignity of man (face)	View of time
Not understanding Guangxi	Not recognizing the diversity in china	Translating incorrectly	Treating colleagues casually	Being urgent, selfishness with time
Trying to maintain individualism		Showing competence	Avoid Conflict	Fail to carry out due diligence
Not establishing group cohesiveness in decisions		Not being prepared	Thinking before speaking	Not allowing for silence in speech
Not developing relationships in and out of the org	Not using Chinese managers	Not giving information prior to the meeting	Understanding a sense of space to show respect	Not taking time to learn Chinese phrases
Neglecting to build trust with those whom you do business with		Making mistakes	Keeping Promises	Keeping a long term perspective
Lack of Building personal	Approach to Taiwan/Tibet	Being accurate and include all	Not being prepared	Not avoiding Urgency, time

relationships		details		rush, selfishness with time
Thinking to take short cuts	Grouping all Asian cultures together	Not giving partial answers	Understanding a sense of space to show respect	
Not showing loyalty to the company		Working through a problem logically	Respecting Hierarchy and age	Thinking to take short cuts, or not taking time to build relationships
Portraying western arrogance	Approach to Chinese nationalism	Quoting individuals	Not dressing conservatively and modesty	
Trampling cultural taboos		Showing competence		Expecting the legal system to work as in the US

## Loyalty and Reciprocity

The concept of benevolence is the center of the guiding principle of the Chinese nation-  
humanism or benevolence. Benevolence is the belief in man and is based in the concept of fraternity.  
Benevolence changes with the circumstances of the individual who exercises it. While benevolence is an  
over-arching concept, loyalty and reciprocity are the specific rules of benevolence and are closely tied to  
one another (Chi-yun, 1964). Loyalty is trust and devotion to a group, person, or organization and is  
“driven by the connections [one] feels with others” (Timothy, Aksoy, & Williams, 2009). Reciprocity is  
the respect one shows for the loyalties of others. The Chinese word for this concept, “shu”, is difficult to  
translate into English. Dr. Chi-yun identifies the closest expression to be “loyalty to loyalty” (1964). The  
idea of reciprocity runs something like this, “I am loyal to my country, and therefore all should be



allowed loyalty to their own nations”. This concept of allowing loyalty in others ties in to the Chinese cultural concept of tolerance and is common in everyday interaction with Chinese culture.

In examining these factors, it is interesting to note that American culture has similar aspects. Religious freedom, which is something that was important at the founding of the U.S. nation, still is an important belief today. As individuals within the country are granted freedom to practice religion as they see fit, the tolerance for different religions in others grows.

However, the Chinese ideals of loyalty and reciprocity do not align with American culture in all aspects. Our study of the literature included many faux pas that crossed the cultural line of loyalty or reciprocity. We found in total 10 unique faux pas from the literature that fit within this category. These faux pas are summarized in the table below.

<b>Loyalty and Reciprocity</b>		Not understanding Guangxi- using it unethically or not using it	Trying to maintain individualism	Not establishing group cohesiveness in decisions	Not developing relationships in and out of the organization
		Taking shortcuts, not taking time to build relationships	Not showing loyalty to the company	Trampling cultural taboos	Portraying western arrogance
Neglecting to build trust with those whom you do business with	Not building personal relationships				

In the chart above, the first 8 examples given are examples of loyalty issues. The last two are problems with reciprocity. These factors are umbrellas for many specific faux pas that have been

mentioned in the literature. For example, trampling cultural taboos include the mistakes of protocol, (giving a business card with both hands, with the writing facing the person to whom it is being given) dining mistakes, (not drinking tea with a meal or sticking chopsticks vertically into a rice bowl) and communicative mistakes (using humor or talking about taboo subjects). Because loyalty and reciprocity are two distinct while related concepts, we will first examine cultural issues of loyalty and then examine cultural issues of reciprocity.

**Loyalty issues.** Issues of loyalty center on different ways in which Chinese people and American people feel and express loyalty. Although there are similar feelings of loyalty to the nation in both American culture and Chinese culture, the depth of loyalty for other relationships differs dramatically. Both the Hofstede and GLOBE culture studies, perhaps the most conclusive global cross-cultural studies, have studied the concept of collectivism and have found that China is typically a highly collectivist group, whereas the U.S. is a high individualistic society (House et al, 2004). This fact alone immediately indicates a difference in where loyalty is placed. In U.S. culture, loyalty to self is a valuable trait. In Chinese culture, loyalty to others is valued. Another cultural factor that affects loyalty is an experiential factor. In the United States, there is an ability to trust government. Business contracts are upheld readily by the courts. In China, this type of trust in the government is not so readily given. This means that in the U.S., trust between business partners is not necessary because the government is the guarantor of the relationship. In China oftener a third person who is well acquainted with both parties to a business agreement is the guarantor of the relationship. In situations where such a person is not available, trust must be built up between the two business partners before any work can be completed. Chinese culture does not have the convenience of transferring trust in self and trust in government to every business endeavor. This, therefore, impacts both the need for loyalty in business relationships and the ability to develop loyalty quickly.

A great example of the Chinese ideal of loyalty can be seen in the American expatriate who is working in China as a manager in an international firm. She does not tend to stay at the office past 5:00 PM and is reluctant to join her co-workers for a midday meal of dim-sum. When attending business dinners, she is reluctant to join in the seemingly insignificant talk about family life, and the progress of co-worker's children. Working with other managers she is frustrated by the time it takes to come to consensus and the apparent need to check important decisions with company executives. In this example, the executive displayed many of the faux pas presented in the chart above. It is important to show loyalty to co-workers in the same way you might show loyalty to a good friend who you trust, because in Chinese culture, without this kind of trust it is difficult to have confidence in the relationship.

**Reciprocity issues.** Reciprocity is the return of favors and is a fundamental principle in Chinese social interaction. This value holds two important aspects. It is the key to relationship development and also centers on the tolerance that is expected to be displayed when differences arise. This tolerance, in its expression, makes perfect sense. If I am allowed to worship my God, how could it be any different than that you should be allowed to worship your God? In China, it is not uncommon to support these differences. This mindset follows the same thought, if I support you as you worship your God, then you will support me as I worship mine. This concept of reciprocity applies to various situations. The antithesis of reciprocity is found in ethnocentrism. This is defined as the concept "that people are convinced that their way of doing things are superior to the way things are done elsewhere" (Kan & Kinder, 2007). Ethnocentrism is a malady that oftentimes comes from a lack of exposure to other cultures, which is a problem encountered by many Americans. The American viewpoint also often leans more towards the ideal that improvement is linear, meaning that overtime we perfect a process in linear steps. Chinese culture is more apt to recognize different paths in obtaining a goal. A Chinese saying is "there are many paths to the top of the mountain, but the view is always the same". This indicates a

tolerance for another's way of going about the accomplishment of a goal. Embedded in this belief of tolerance is a parallel belief that reciprocity means the reciprocation of benevolence. This reciprocity thus is included in the Chinese value of *guangxi*, because reciprocity does not only include tolerance for the actions of another, it also engenders an active participation in lifting others (Chen, 2001). Thus reciprocity can be defined in brief as mutual obligations that form a trusting relationship. These relationships of trust form the basis of a *guangxi* network and the trading of favors and demonstration of reciprocity over time is what builds these networks.

In examining reciprocity we will look at the faux pas of trampling cultural taboos, because it is not immediately apparent how it ties in with reciprocity. When a Chinese business person comes to the U.S. we take for granted the English that he/she speaks. We laugh at the well-practiced jokes that do not have the typical American emphasis, and we take for granted the years of study that went into our interaction with the visitor from China. However, upon arriving in China we suddenly gain a greater appreciation for our business partner's ability to speak English and make us feel at home, without realizing that we may be violating the Chinese concept of reciprocity. Going back to an example used above, "if I support you as you worship your God, then you will support me as I worship mine," applies here as well. "If I am tolerant of your culture and take time to make you comfortable, you will be tolerant of my culture and take time to make me comfortable." By not showing arrogance, and by seeking to show reciprocity in cultural knowledge, Chinese business dealings will go much smoother.

### **Local self-Government/ National Unification**

Local governance has existed in China since the third century B.C. and has been called the true foundation of the Chinese Republic (Chi-yun, 1964). Although many institutions over the years have been created and have in succeeding years fallen into oblivion, the local district government has held in place. With such a large population spread over the vast political boundaries in China, local self-government has been, historically, the only way in which to build up the Chinese nation, like the building of a house is composed of individual bricks (Chi-yun, 1964).

Related to the importance of local self-government, Chinese culture values the ideal of national unification. Both local self-government and national unification fall under the overarching principle of democracy. During the Qing dynasty (late 19<sup>th</sup> century) these rights of democracy were thought to strengthen China as a nation as it sought to fight off foreign imperialism (Weatherley, 2008). This same thought of democracy was carried out in a type of examination termed “election”. These civil service examinations date back to ancient Chinese history and conform to the Confucian belief that in education there should be no discrimination of classes (Chi-yun, 1964). The principle of democracy and appointment by education through these examinations allowed all worthy scholars to participate in government. Because the Chinese government was led historically by well-qualified individuals from all sections of the nation it gained support from those within the Chinese nation. National unification separates China from the European history shared and understood by many Westerners. The biggest difference between China and Europe is that China was able to remain unified as a nation state after internal and external struggles, when Europe was not able to do so. The overarching importance of the Chinese identity lingers still today in the thousands of Chinese immigrants who have lived outside of China for generations, yet still retain a Chinese identity.

For Americans, the cultural root of local self-government should be relatively easy to understand as we live in a country that is broken up into smaller state entities. Each state retains great power to dictate laws, taxes, education, and other vital functions of government. The US is also able to relate with the principle of national unification. Although our country has not retained its unity for thousands of years, our history has been impacted by the national unification that came after the Civil War. Together, these two principles provide two linked identities. Like China, our local governance helps define us, but does not prevent us from retaining national unification and national identity.

Five faux pas mentioned in the literature are drawn back to this concept. Seen below these describe how American managers are currently violating this Chinese norm. Although American values are similar in many aspects to these Chinese values, the faux pas listed below represent the miscalculation of American business people who fail to recognize how strong these principles are in practice or how gently and tactfully they should be approached.

Local self- government/ National Unification	Not recognizing the diversity in china	Not using Chinese managers	Grouping all Asian cultures together	Approach to Chinese nationalism	Approach to Taiwan/Tibet
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**Local self government issues.** Issues of local self government often arise from the human tendency to simplify the world around us. These problems are related to the differences in expression of local pride as well as the need for local experience and trust (related to the concept of guanxi networks). Issues listed in the literature that deal with local self-government include American managers not recognizing the diversity in China, and the American business’ tendency to neglect using local Chinese managers.

Although legal issues were not considered cultural faux pas in this study, many local legal problems could also be grouped under this category.

China is a vast nation state with various dialects (it is estimated at 8,000- one for each county) and different cultures representing the lifestyles found in different areas of the country. The north is vastly different than the south and the west is an entirely different cultural experience compared to the east. Each Chinese province (there are 34) has its own cuisine and its own climate. Even within provinces there can be vast differences. (Hebei Province, which boasts two of the largest cities in China, Beijing and Tianjin, also includes the north China plain, which has a history of nomadic people that stretches back to the dawn of human history).

Not recognizing this diversity within China can lead to costly mistakes. CEO of Mitsui and Co, Ueshima Shigeji, put it this way, “our biggest failure in China was in marketing. We sold our products to China as a single, unified market, and lost a lot of money. We learned that China consists of segments. Each segment has a different culture, tastes, and history” (Chen, 2001). Effective firms in China use a localization strategy that adopts products and services to meet local needs. By blindly assuming that China is one nation, without consideration for local tastes, preferences and needs, firms may lose potential market share. P&G is a good example of an international firm that entered China with an extensive localization strategy. Because of this strategy their products were able to be carried to rural markets that most international firms miss. McDonald’s and KFC have also been successful in bringing in local Chinese favorites to their menus. These items include things like preserved Sichuan pickle and shredded pork soup. By seeking to recognize this diversity, firms will be able to correctly understand the demand of local markets.

Tied directly to a firm’s ability to cater to the local market is the use (or lack thereof) of Chinese managers. Not only do local managers understand the local market better, speak the local language, and create a go-between for customers and employees and the international firm, they also have social

value in the guanxi networks that they are able to call upon. For an American or international firm entering China for the first time, the amount of trust or social connections that are in place will be significantly small. By working through Chinese managers, particularly those who are experienced in the industry and have established themselves and their character to others, firms will better navigate the market.

In 2008 China graduated six million Chinese undergraduates. More and more, Chinese students are able to find world-class educations at home, rather than abroad. Those who do study abroad often find opportunities to return to China for employment. Using exclusively foreign managers should now be seen as archaic. Foreign managers that are sent abroad should have a clear understanding of the value that they add. Whether this value is in setting up operations in a country that does not have experience with the corporate culture, giving valuable international experience to those who will be or are in top management positions, or some other viable reason, American managers operating in China should do so fully aware of the capabilities of the local managers to take responsibility for the firm and succeed in the local marketplace.

Examples of localizing the business by recognizing and responding to the diversity within China and seeking to use local managers are numerous. A good comparison between a firm that understands local self-government and one that does not is the entrance of two auto manufacturers, Volkswagen and Peugeot. While Volkswagen has many strategies to thank for their success, their use of local management gave it the ability to respond to quickly. It also had a strong local manufacturing and distribution network that allowed for fast delivery. Using local management and understanding the need to work outside of just the largest east coast cities allowed it to develop favorable relationships with Chinese officials. The French Peugeot, however, relied on French approaches to design, manufacturing, and management. Their distrust of local talent made them rely on costly and culturally inexperienced expatriates from France. It did not establish relationships with local officials (or central officials). The



company failed because they did not understand the local market needs. This could have been easily resolved had the firm chosen to recognize the diversity within China and had allowed local talent to lead them through this diverse market (Bizioura and Crawford, 1997). In other words, it violated the strongly held Chinese trust in local self-government.

**National Unification issues.** China is a nation that has more history than most countries can appreciate. With the largest population in the world and a history that touts the first printing press and many other technological advances, the Chinese are generally proud to be Chinese. Issues that arise when American firms enter that fit under the category of National Unification include grouping all Asians together, the approach to Chinese nationalism that is often expressed, and the approach to political issues like Taiwan and Tibet.

It will be helpful here to understand how the cultural undertone of Confucianism plays a central role in National Unification. Social roles in China have been defined by five relationships that Confucius presented, the first deals with the nation: ruler/subject. The other four relationships are father/son, husband/wife, elder brother/younger brother, and friend/friend. These relationships allow a sense of belonging as a Chinese person can view the world and where he/she belongs in it through these relationship definitions. These relationships innately produce loyalty and trust because of the reciprocity and honoring of trusts that have played out in these relationships for thousands of years (Chi-yun, 1964).

Also of importance, 90% of Chinese citizens belong to one race, Han. Although differences in culture and language do exist, the ability for Chinese to see each other as one nation flows from the fact that the majority of them are very similar. Feelings may be different among the 10% minority. The Chinese also have an ideal, listed by Dr. Sun Yat Sen, as the view of the world as one family. This ideal causes a deep need for harmony and unification. As one Chinese professor explained as we discussed the very sensitive topic of the Tibetan conflict just prior to the Olympics in 2008, “we see them as our

brothers, and it is confusing to us why the world is clamoring that we separate ourselves from our brothers". The desire for a unified nation was shown in power during the opening ceremonies of these Olympics as thousands of well-practiced Chinese performed in flawless unity.

An example of the need to sensitively understand the issues of national unification can be seen in the Chinese boycott of French products after the attack of the 27 year old Paralympic torch bearer, Jin Jing, in Paris. Chinese tourists to France decreased by two-thirds. French manufacturers in China were also targeted. The Olympics gave the Chinese a great sense of national pride and the negative comments about the ability of China to host this event damaged Chinese relationships between countries that issued these comments.

### **Government by Virtue**

Government by virtue can be seen as the validation of authority through education. Perhaps the best quote that explains this idea is "democracy with its center of gravity laid on education" (Chi-yun 1964, pg. 6). This ideal respects the Chinese belief that education and experience demonstrate the right to lead. Government officials, historically, were chosen on the basis of examinations, following the Confucian principle that education should be equal. As education is seen in Chinese culture as being the virtue that precludes non-educated individuals from leadership positions, "in all cases education is a decisive factor in administration" (Chinese culture pg 6). Demonstrating a well-educated nature is important for American managers working in China because education gives credibility.

Education is also valued in the U.S. Not only is scholarship viewed positively, education in the United States typically allows for upward movement and is usually prerequisite to reaching top

management positions. One of the biggest differences in the Chinese and American views on education is that in the U.S. individuals are more often judged for their abilities rather than their level of education. Although education in the U.S. helps to give validity, accomplishments are more often the measure used to understand success. Education is more often used as a way to eliminate unqualified individuals rather than a means for appointing individuals to specific positions. Thus American resumes can speak volumes about an individual's characteristics while only briefly noting educational attainments.

Nine different factors were shown to fall under this category. Many of these mistakes do not seem to be a problem in the U.S. Quoting individuals, giving partial answers or admitting that you do not have an answer, not providing information on what will be discussed at a meeting prior to a meeting, and working through a problem in a group setting all seem to be normal and harmless behaviors in American culture. These same behaviors, however, show a lack of knowledge, education, or preparedness. This is something that is looked at with curiosity at best and can undermine an individual's credibility with his/her peers while working in China.

Government by virtue, Government by law		Translating incorrectly	Showing competence	Not being prepared	Not giving information prior to the meeting
Making mistakes	Being accurate and include all details	Not giving partial answers	Working through a problem logically	Quoting individuals	

**Government by virtue issues.** Education has been highly valued by the Chinese for thousands of years (Xie & Wang, 2008). Education is viewed as a power that has the ability to not only enlighten but provide progress for the Chinese. Yet when Chinese culture meets American education, there seems to be confusion at the seeming lack of respect education is given in U.S. culture (Huang, 2009). Problems dealing with the idea of government by virtue are centered on education (government by virtue of education). Chinese culture sees education as the virtue that validates law. Without scholarship, education, and wisdom, there is no validation to authority. Issues arise when U.S. businesspeople violate the respect that is typical of education and knowledge in China.

Education is deeply rooted in Chinese traditions. Confucius believed that education changed men for the better (Bush & Haiyan, 2002). Because of the strong relationships that Confucius outlined, a strong sense of hierarchy exists based on education, age, and position. Together these three provide credibility in authority. The GLOBE Study (2004) found that China is a relatively high power-distance society, so management is seen as having greater authority. Acts that diminish this authority are typically related to those virtues (education, age, preparedness, wisdom) that are seen as essential for governance. The principle that government is established on virtues means that American managers showing a lack of these virtues may be seen as not credible, or unfit to govern. This can cause tensions among coworkers and employees as the natural hierarchy that is typical for the Chinese is replaced with a lower-power-distant American model.

Many Chinese are flabbergasted when their superior asks them for help in coming up with ideas during a brainstorming session in a meeting. Such behavior would normally give the person exhibiting it a sense of enormous face loss (to be discussed later). Yet Americans continue as if their admission that they are not qualified to lead the group should be seen as a positive trait. This often causes embarrassment and confusion for the whole group.

### **The Dignity of Man (Face)**

The dignity of man is an idea tied to the fulfillment of human nature, development of human power, and the perfection of human personality. The dignity of man deals with the freedom of individuals and is essential to forming a free state. Dignity, defined, is the quality of having esteem or respect. In Asian culture this sense of individual dignity comes in the form of honor and is known under the title of face.

Face has been defined as the reputation and the credibility one earns in a social network. The role of face is one of the most vital roles in intrapersonal interactions among East Asians and can be thought of as one's social image. Shame causes the loss of face and "is experienced when one's performance falls short of certain approved standards" (Kam & Bond, 2008). In China face gives credibility to individuals and groups, "having [face] is like having good credit, so that one has a lot of purchasing power" –Ambrose King (Chi-yun, 1964). The loss of face is more sensitively felt in Asian cultures than western cultures. Embarrassment and shame do not reflect as strongly and are not as deeply felt in the U.S (Kam & Bond, 2008).

While western business people often try to put people at ease, Chinese business people seek to ensure that everyone receives the proper respect. For this reason, using correct titles is important (Chen, 2001). This is also the reason that humor is inappropriate in many instances in China. In the United States, humor is used to put individuals at ease and make light of a situation. In China it may incur a loss of respect for one or more members of the group and is therefore socially unacceptable. Chinese communication seeks to preserve the harmony of the group. Public expressions of praise can make an individual in China lose face because it causes a loss of harmony, and thus embarrassment, for the group (Chen, 2001). In the U.S, these expressions of praise lend credibility and establish individual face.

A similar concept to help American executives understand the concept of face is shame or embarrassment. Shame is viewed as a painful self-evaluation that is caused by behaviors not approbated by a social norm (Tang, Wang, Gao, & Zhang, 2008). Shame in the U.S. is often restricted only to the individual experiencing the shame or to closely related individuals (Tang, Wang, Gao, & Zhang, 2008). This means that embarrassment, or loss of face in the U.S. does not occur on a group level as often as it does in China, where a sense of self is expanded to include many different types of in-groups (Tang, Wang, Gao, & Zhang, 2008). This is because Chinese culture feeds off of an interdependent self construal, while U.S. culture typically uses an independent self construal. American culture also seeks to down play embarrassment in order to put others at ease. Traits of hiding or minimizing embarrassment are lauded as helping to improve group relations.

Nine faux pas were found to fall under this general category. These include causing yourself to lose face (breaking promises, not being prepared, not thinking before speaking, lack of dress standards) or another to lose face (treating colleagues casually, conflict, the sense of space, humor and respecting hierarchy and age). In Chinese culture, however, things that make an individual lose face can also impact the group's sense of face. For example, a broken promise may be seen as a loss of credibility on the individual's part, but it may also cause a loss of face for those to whom the broken promise was made as it indicates a lack of concern for their well-being.

<b>The dignity of man (face)</b>	Breaking Promises	Not being prepared	Thinking before speaking	Not dressing conservatively and modesty
Treating colleagues casually	Avoid Conflict	Humor	Understanding a sense of space to show respect	Respecting Hierarchy and age

**Dignity of Man (Face) Issues.** Because Chinese culture is so involved with the relationship between individuals and others (Tang, Wang, Gao, & Zhang, 2008), face issues are critical in maintaining a good working relationship. Face can serve to uphold or destroy relationships and the importance of face to individual credibility runs deep in Asian cultures. Face loss is more influential for Chinese, provoking anger and/or relationship deterioration more than in Americans (Kam & Bond, 2008). Face loss in any culture can impact future interpersonal interaction. This impact can be devastating to American businesses in China. Because face is related to the strength of credibility one holds in one's social networks, the loss of face can mean the loss of *guangxi* assets. *Guangxi* is the extensive social networks that are used in China to create and establish trust among members of society.

In China, these personal relationships are used to navigate the complexities of a vast nation. These relationships rely heavily on group harmony, which is lost with a loss of face within the group. Because of this, it is important for Americans doing business abroad to think carefully about their actions, and analyze whether they build face or take face away. Embarrassment from conflict or undue attention can cause a loss of face, but oftentimes embarrassment can come through less obvious means. Lack of preparation, often not only embarrasses the individual who lacks preparation, but can cause face loss for the group that was not prepared for. Treating colleagues with respect, and being particular about titles can improve group harmony and help build face.

An example of a faux pas related to the dignity of man can be seen in a meeting that an American manager calls. Because this is the first time the manager has met his Chinese colleagues, he starts out with his favorite joke, which unfortunately is centered in American cultural humor. Getting no response from his audience, he continues on to asking each colleague to introduce themselves to the group; he does so without regard for their titles, often repeating their first name after the introduction, to ensure that he has it right, of particular embarrassment he even does this with Vice President Zhu,

who is his direct superior attending the meeting to help lend credibility to the new manager. The American manager's behavior, in the U.S., would have been congenial. In China, he did not respect the value of face or the dignity of man. This respect is an intangible asset that has very tangible rewards in the People's Republic of China. By his casual behavior, this manager not only caused a sense of group disharmony, he also cause face loss for the individuals in the group and himself, thus damaging his credibility and social worth.

### **View of Time**

The perception of time is a cultural value that differs greatly around the world. Cultures collide when the value placed on time differs. Two conflicting view of time exist, the linear view of time in which time continually progresses, and the cyclical or spiral view of time which sees time as both repetitive and slowly advancing (Helman, 2005). In countries where time is cyclical, it is seen as more fluid, less static, and humans are thought to have less influence over what takes place over time. The Chinese view time through a long-term cyclical perspective. Historically, the Chinese emperor plowed the first furrow of each year in celebration of the cyclical seasons. The religion of Buddhism, which is rooted in Chinese culture includes concepts of reincarnation that view life as a cyclical process that endlessly cycles through birth, death, and rebirth (Helman, 2005). This "long term perspective allows events to be contextualized into a greater whole and emphasizes connections instead of isolated moments" (Chen, 2001).

Although American culture recognizes and appreciates the cyclical nature of seasons and business trends, a cyclical view of time is often difficult for most Americans to understand. The yearly cycle of spring to fall harvests that gives a sense of cyclical and repeating patterns has in many cases become overrun by the desire for linear growth. Even historically, these cyclical patterns were overridden by a desire to see each year bring with it added revenue or benefit. As a culture, we view



history as a constant progression with each succeeding power bringing with it new advances and building upon previous experience. We also view time as tangible (Helman, 2005) which means that it is something that is finite. Americans, therefore, are often more protective of their time and view it as a farmer might view his land, allocating it to specific tasks.

In China, the view of time is much more fluid and history is seen as a repeating cycle of prosperity and poverty, power and submission. The literature identified seven faux pas that can be categorized under the view of time. These include not avoiding urgency, time rush, or selfishness with time, failing to carry out due diligence before entering China, not allowing for silence, seeking to take shortcuts, focusing on short-term results, not having the patience to learn Chinese phrases, and expecting the legal system to work as quickly as it may in the U.S.

View of Time		Not avoiding urgency, time rush, selfishness with time	Failing to carry out due diligence	Not allowing for silence in speech
Thinking to take short cuts, or not taking time to build relationships		Having a short term perspective	Not taking time to learn Chinese phrases	Expecting the legal system to work as in the US

View of time issues are all related to valuing time according to American norms. In order to reach business decisions in a timely manner in China, Americans should slow down (Reitz, 2005). Relationships, trust, and long-term orientation are more important values for Chinese culture. These values require time commitments. The American unwillingness to devote time to build relationships, or

their desire to make relatively short-term commitments may make the Chinese they do business with feel uncomfortable and not trusted.

The earliest of Chinese philosophies are based on a cyclical notion of time that followed the seasons. This philosophy remains relevant today. Fate is seen in Chinese philosophy as being controlled by deity or ancestors. Even Chinese historical time periods have names based in cyclical themes (The Spring and Autumn Period)(Economic Expert, 2009).

An example of these faux pas can be seen in any Chinese-American contract negotiation. Americans negotiating will typically plan to spend a shorter amount of time actually in the negotiation, planning their hotel accommodations, and flight schedules around their desire to spend as little time as possible negotiating a contract. Their Chinese counterparts desire to take them out to eat, to show them some of the local scenery, and to talk about family and personal life will seem rude to the Americans who believe that their time should be treated with more value. These Americans may also find it difficult that the Chinese negotiating team pushes for a much longer contract than the Americans are comfortable with. Yet in this situation, the Chinese negotiating team is acting very politely, seeking to understand what it is the Americans value, establishing a relationship, and showing their commitment to this relationship by seeking a long-term contract.

### **Conclusion**

Although Chinese and American cultures have many values that are consistent, the expressions of these values and the priority that each is given in relation to others differs dramatically. It is not these differences that make doing business in China difficult, it is a lack of recognizing and understanding these differences. By gaining information on the core beliefs and values of Chinese society in relation to the common faux pas of American firms, American managers should be more prepared to interact in this different society successfully. Although this paper has sought to outline the major values of

importance, the Chinese society and individuals within the Chinese society should be approached with an open mind. Differences in values will occur frequently as Americans and other westerners interact with this eastern power, but by using the information presented, they will be better prepared to meet these differences in a culturally sensitive way and will be more successful in pushing the limits of the culture in an appropriate and profitable way.

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